



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO:	BOARD MEETING:	PROJECT NO:	PROJECT COST:
H-04	June 5, 2012	12-017	Original: \$0 Current: \$
FACILITY NAME:		CITY:	
Crystal Spring Dialysis		Crystal Lake	
TYPE OF PROJECT: Non-substantive			HSA:VIII

PROJECT DESCRIPTION: Davita, Inc. and Seasons Dialysis, LLC. ("the applicants") are requesting a change of ownership of a 12 station ESRD facility located in Crystal Lake, Illinois in 6,746 GSF of leased space. There is no cost to this project.



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: (217) 785-4111

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Davita, Inc. and Seasons Dialysis, LLC. ("the applicants") are requesting a change of ownership of a 12 station ESRD facility located in Crystal Lake, Illinois in 6,746 GSF of leased space. There is no cost to this project. **The anticipated project completion date is August 1, 2012.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project proposes a change of ownership of a health care facility as defined by the Act. 20 ILCS 3960/3. Current State Board rules require a facility changing the licensee to submit a certificate of need for a change of ownership to the State Board for approval.

REQUIREMENTS FOR CHANGE OF OWNERSHIP:

- **An applicant proposing a change of ownership must provide**
 - details on any proposed changes in the beds or services currently offered,
 - the reason for the transaction,
 - any anticipated additions or reductions in employees,
 - any changes in the restriction of patient admissions, and;
 - document that no reductions in access to care will result from the proposed change of ownership transaction.
- **A change of ownership of an existing health care facility does not require evidence of need for the facility.**

TRANSACTION:

- The applicants are proposing to change the licensee of a 12 station ESRD facility. The current licensee is Total Renal Care, Inc. The new licensee will be Seasons Dialysis, LLC. According to the applicants Davita, Inc will retain control of the dialysis facility. This is a corporate reorganization in which the applicants are changing the licensee from a corporation to a limited liability company. There was no reason given by the applicants for this transaction.
- **The applicants state**
 - There will be no changes in the number of stations, gross square footage and no significant additions or reduction in employees at the dialysis facilities for the next two years.
 - There will be no restrictions in the admission of patients or access to care.
 - The proposed transaction will not result in a duplication of services or impact any other ESRD facility in the HSAVIII planning area.



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: (217) 785-4111

BACKGROUND/COMPLIANCE ISSUES:

- None

FINANCIAL

- There is no cost to this transaction.

PUBLIC COMMENTS:

- No letters of support or opposition were received by the State Board Staff and there was no request for a public hearing.

CONCLUSIONS:

- The applicants have met all of the requirements of the State Board.

**CRYSTAL SPRING DIALYSIS
Project #12-017**

APPLICATION SUMMARY	
Applicants	Davita, Inc. and Seasons Dialysis, LLC.
Facility Name	Crystal Spring Dialysis
Location	Crystal Lake
Application Received	February 21, 2012
Application Deemed Complete	February 21, 2012
Scheduled Review Period Ended	April 21, 2012
Review Period Extended by the State Board Staff?	No
Public Hearing Held?	No
Applicants' Deferred Project?	No
Can Applicants Request Another Deferral?	Yes
Applicants' Modified the Project?	No

I. The Proposed Project

Davita, Inc. and Seasons Dialysis, LLC. ("the applicants") are requesting a change of ownership of a 12 station ESRD facility located in Crystal Lake, Illinois. There is no cost to this project. **The anticipated project completion date is August 1, 2012.**

II. Summary of Findings

- A. **The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.**
- B. **The provisions of Part 1120 are not applicable to this application.**

III. General Information

The applicants are Davita, Inc. and Season Dialysis, LLC. Crystal Spring Dialysis is located at 720 Cog Circle, Crystal Lake, Illinois in McHenry County. The operating entity will be Four Seasons, LLC. and the owner of the site is APEX 720, LLC. The proposed project is located in Crystal Lake in the HSA VIII ESRD planning area. HSA VIII consists of the Illinois Counties of Kane, Lake, and McHenry. Project obligation will occur at the time of permit issuance. **The anticipated project completion date is August 1, 2012.**



Safety Net Impact Statement/Charity Care

DaVita accepts and dialyzes patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, disability or ability to pay. Complete charity care is very unusual as most dialysis patients are covered by some type of payment system.

US Citizen patients are covered by commercial insurance, Medicare or Medicaid. If not covered through one of these avenues there are options through application and acceptance to receive payment through the American Kidney Foundation or National Kidney Foundation. For non-qualified aliens in IL the Emergency Medicaid program covers them.

If we have exhausted all other avenues for payment methods, we have a patient financial evaluation policy in place. From this evaluation we determine the financial ability and obligation to pay.

This information was taken from Davita Inc. 10-K for fiscal year ended December 31, 2010

"Medicare pays 80% of the amount set by the Medicare system for each covered treatment. The patient is responsible for the remaining 20%. In most cases, a secondary payor, such as Medicare supplemental insurance, a state Medicaid program or a commercial health plan, covers all or part of these balances. Some patients, who do not qualify for Medicaid but otherwise cannot afford secondary insurance, can apply for premium payment assistance from charitable organizations through a program offered by the American Kidney Fund. We and other dialysis providers support the American Kidney Fund and similar programs through voluntary contributions. If a patient does not have secondary insurance coverage, we are generally unsuccessful in our efforts to collect from the patient the 20% portion of the ESRD composite rate that Medicare does not pay. However, we are able to recover some portion of this unpaid patient balance from Medicare through an established cost reporting process by identifying these Medicare bad debts on each center's Medicare cost report."

The table below shows the amount of charity care provided for the 3 fiscal years prior to submission of the application for DaVita facilities in Illinois and the amount of care provided to Medicaid patients for the three fiscal years prior to submission of the application. This includes in-center hemodialysis, peritoneal dialysis, home hemodialysis & sub-acute hemodialysis.



Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2008	2009	2010
Net Revenue	\$139,964,396	\$149,370,292	\$161,884,078
Outpatient	52	66	96
Charity (cost In dollars)			
Outpatient	\$321,510	\$597,263	\$957,867
% of Net Revenue	.22%	.39%	.59%
MEDICAID			
Medicaid (# of patients)	2008	2009	2010
Outpatient	443	445	563
Medicaid (revenue)			
Outpatient	\$8,695,341	\$8,820,052	\$10,447,021
% of Net Revenue	6.2%	5.9%	6.5%

12-017 Crystal Springs Dialysis - Crystal Lake

